

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Study Session

March 17, 2003
6:00 p.m.

Council Conference Room
Bellevue, Washington

PRESENT: Mayor Marshall, Deputy Mayor Degginger, and Councilmembers Creighton, Davidson, Lee, Mosher, and Noble

ABSENT: None.

1. Executive Session

Mayor Marshall opened the meeting at 6:00 p.m. and announced recess to Executive Session for approximately 20 minutes to discuss one item of property disposition. The Study Session resumed at 6:35 p.m.

Mayor Marshall made the following statement prior to beginning discussion of Study Session agenda items:

For those of you in the audience and all of you watching on BTV, we'd like you to know that the City Council carries out the City's business tonight aware of greater concerns on everyone's minds. As you know, President Bush earlier this evening told the nation that war in Iraq is imminent. The City of Bellevue's police officers and fire fighters remain vigilant as they have for the past 18 months. We will coordinate closely with state and federal officials to do what we can to maintain security given that the prospect of war appears very likely. Please keep our service men and women in your hearts and your minds, whether they be serving abroad or right here at home.

2. Study Session

(a) Occupancy Options for New City Building

City Manager Steve Sarkozy opened the discussion of occupancy options for the new City building located at 450 110th Avenue NE.

Planning and Community Development Director Matt Terry introduced three members of the Technical Advisory Committee to present the group's recommendation for the building's occupancy: Court Olson, Laurie Tish, and Clay Wallace. Mr. Terry noted an additional TAC member, Shiv Batra, in the audience.

Mr. Terry said an open house was held on March 4 followed by a public hearing before City Council on March 10. The Technical Advisory Committee has reviewed financial data and assumptions associated with several alternatives for occupying the new City building. The TAC was assembled to help Council and the community address the questions of: How does the City want to use the building? How much will it cost to adapt the building to City uses? How will the City pay for the building and improvements? Tonight's discussion will focus on the first question. Council has decided to consolidate public safety functions in the building, which will occupy approximately 35 percent of the space. The four primary options for the building are:

- Public Safety with remaining space vacant (2006 occupancy).
- Co-locate all campus services with Public Safety (2006 occupancy).
- Public Safety with remaining space leased to non-City tenants (2006 occupancy).
- Public Safety (2006) with phased co-location of all campus services (2013).

Evaluation criteria used by the TAC are financial (initial and long-term costs, impact on City's Capital Investment Program), service delivery implications, and urban/economic development implications. Mr. Terry said the co-location of all City services appears to make the most sense in terms of the net present value (NPV) analysis and an analysis of the future impact to the CIP Plan. A sensitivity analysis on the financial assumptions confirmed these preliminary results.

Mr. Terry reviewed a graph reflecting the NPV analysis of cash flow for each of the four alternatives over the life of the project. A second graph demonstrated a sensitivity analysis of what would happen if capital costs were increased or decreased by a fixed amount for each alternative, depending on the level of building improvements. Mr. Terry reviewed a second sensitivity analysis reflecting the effect of increased and decreased maintenance and operations (M&O) costs for each alternative. The next sensitivity analysis reflects total project costs for each alternative assuming varying convention center overflow parking revenue. Mr. Terry reviewed the last sensitivity analysis based on a reduction in the M&O net present value stream to 30 years instead of 40 years. As in the previous analyses, the relative financial position of each alternative remains the same. Mr. Terry reviewed a graph indicating that all alternatives for the new building site are less expensive than new construction on the current City Hall campus.

Mr. Terry reviewed the TAC membership, which includes residents from all areas of the community:

- Shiv Batra, Structural Engineer – INCA Engineers, Inc.
- Richard Campbell, Construction Engineer – Campbell Engineering
- Barton Drake, Architect – HNTB
- Ali Ghassemikia, Structural Engineer – Kia Co.
- Susan Ho, Construction/Development – Lakeville Homes
- Douglas Leigh, Architect – Mithun
- Mark Ludtka, Architect – Callison
- Court Olson, Project Manager – Olympic Associates
- Charlotte Patterson, Architect and Interior Designer – JPC Architects
- Laurie Tish, Financial Advisor and Auditor – Deloitte & Touche
- Clay Wallace, Architect – Wallace Design.

Mayor Marshall thanked TAC members for their thorough analysis and service to the community.

Mr. Olson said the TAC meetings have been largely unstructured and all members have participated in the discussions. He noted unanimous support for the recommendation to be presented tonight. Mr. Olson said the TAC recommends the co-location of all campus services and Public Safety in the new building. The TAC further recommends against including a new municipal court at the same location. Advantages of co-location identified by the TAC are:

- Lowest long-term cost, least impact on CIP Plan, and \$52 million less expensive than constructing a new facility on the existing City Hall campus.
- Greatest potential to achieve desired service delivery, efficient for citizens, and greatest potential for internal operational efficiency.
- Least risk in terms of the potential for incurring unexpected M&O costs.
- Least disruption to City services/operations, quickest transition to complete total city facility upgrades.
- Greatest opportunity to enhance City government image and identity.
- Ties in to downtown and community along Pedestrian Corridor and Transit Center.
- Environmental benefits including proximity to transit and greater population, potential for sustainable design initiatives, and decreased demand on staff to travel between City facilities.
- Potential for public space, both internal and external.
- Easy access and central location.
- Potential for more visitor parking than current campus.
- Economic benefits including the promotion of central core development.
- Satisfies the goal of the Comprehensive Plan to locate City Hall in the downtown.

The TAC concluded that municipal courts should not be included in the building's plans based on costs, operational issues (including a high demand for parking facilities), image and security issues, and the applicable time line. It is likely Bellevue will need to implement municipal court operations by January 1, 2005, and occupancy of the new City building is scheduled for 2006.

Mr. Olson said the analysis strongly supports co-location as the most viable and least cost option. Potential risks identified by the TAC were:

- Potential real estate risk associated with selling the current City Hall campus.
- Increased traffic around the new building site.
- Can the City adequately upgrade the physical appearance of the new building to fulfill the expectations of the community within budget constraints?

Mr. Olson said the TAC is united in its support of the co-location alternative. Ms. Tish said she was impressed with the financial modeling and analysis as well as the data and level of detail provided by City staff. Mr. Wallace commended staff for their support and looks forward to continued development of the project.

Responding to Deputy Mayor Degginger, Mr. Wallace commented on the differences in court and public safety operations. While co-location is possible, it presents challenges in terms of security, operational, and image issues. Ms. Tish noted the need for metal detectors at court entrances, which she feels is not a good greeting to citizens entering City Hall to conduct business. Mr. Wallace said courts require more parking than what is currently available at the new building site.

Responding to Mr. Mosher, Ms. Tish said the TAC feels one City location provides the greatest potential for service delivery and enhancing local government's image. Mr. Wallace noted the internal operational efficiencies to be realized by consolidating functions in one location.

Mr. Lee thanked TAC members for their work. He commented that project costs are not clearly defined at this stage and questioned how this impacts TAC discussions. Noting his background in construction costing and estimating, Mr. Olson said costs will be discussed in greater detail in upcoming meetings. He feels preliminary estimates of cost ranges are reasonable. Ms. Tish said the same assumptions were applied to each alternative, so even if inaccuracies are discovered later, the current analysis is still meaningful in terms of comparing one alternative to another. She said the co-location model represents the least risk in terms of its sensitivity to potential M&O costs. Mr. Olson added that the potential cost savings from increased operational efficiencies have not been quantified in the model.

Deputy Mayor Degginger emphasized that the TAC should continue to challenge assumptions and analysis presented by staff. Mr. Olson confirmed that TAC members have not been restrained in their questions and input.

Mr. Lee commended the TAC for its sensitivity to spending taxpayers' money responsibly.

Responding to Mr. Noble, Mr. Olson said the building's square footage can accommodate all City functions. Mr. Wallace said several TAC members have toured the building and are aware of the existing conditions. Analysis by NBBJ Architects indicates the building is a good fit with City programs. Mr. Olson commented on the opportunity for enhanced service delivery by providing all City offices in one location.

Mr. Batra said the service delivery benefits and cost savings to the citizens of Bellevue are not reflected in the figures analyzed to date. He observed if it were possible to quantify the costs of inconvenience and inefficiency, this would provide even more support for the co-location option.

- ➡ Deputy Mayor Degginger moved to provide preliminary direction to proceed with the co-location of all City services in the new building, subject to continued analysis of the costs to modify the building to accommodate City programs. Mr. Mosher seconded the motion.

Mr. Mosher feels co-location is the best option in terms of costs, benefits, and service implications.

Mayor Marshall concurred and read an email from a citizen suggesting a grand entry foyer ringed with “personal contact” space for incubator nonprofit community groups.

- ☛ The motion to provide preliminary direction to proceed with the co-location of all City services in the new building, subject to continued analysis of the costs to modify the building to accommodate City programs, carried by a vote of 7-0.

Mayor Marshall suggested directing staff to study the assumptions associated with the sale of the current City Hall campus.

- ☛ Mr. Mosher moved to direct staff to further explore and study the assumptions associated with the sale of the current City Hall campus, and Dr. Davidson seconded the motion.
- ☛ The motion to direct staff to further explore and study the assumptions associated with the sale of the current City Hall campus carried by a vote of 7-0.

Mayor Marshall thanked the group for their presentation.

(b) Bellevue 50Fest Update

Ron Langley, Public Information Officer, said the City’s 50th birthday is two weeks away on March 31. Anne Taylor, Meydenbauer Center and Bellevue 50Fest Committee Co-Chair, reviewed upcoming 50Fest events including the March 31 Incorporation Event at Meydenbauer Center, the *Dance as You Were* sock hop on April 5, an Arbor Day celebration on April 26, and the 50Fest Motorama in Downtown Park on August 23. She encouraged the public to visit the Bellevue50Fest.com web site, created by Ilium Associates, for full information on events. All residents are invited to the March 31 Incorporation Day event, sponsored by Pacific Northwest Bank, 6:00 to 8:00 p.m. at Meydenbauer Center.

Mr. Langley said numerous neighborhood events will be organized as part of the 50Fest celebration throughout the year. Disposable cameras will be provided to citizens to take pictures at these events to create a historical record. A time capsule and photo contest are planned as well. Mayor Marshall thanked Safeco and the City of Bellevue for sponsoring the neighborhood celebrations.

Mr. Langley noted three larger neighborhood events planned: 1) Lake Hills neighborhood on July 31, sponsored by Cosmos Development and the City, 2) Factoria Mall event on August 15 and 16, and 3) Crossroads Mall event, September 5 – 7. The King County Journal will publish a special edition on March 31 providing a history of the city followed by the launching of a history hunt on April 4. A history time line exhibit will debut on March 31, sponsored by Ilium Associates and History Link, and a historical video will be broadcast on BTV (Channel 21). Mr. Langley said copies of promotional posters for Bellevue 50Fest are available to the community. Ms. Taylor said additional annual events are incorporating the 50Fest theme with 36 events identified to date.

Mayor Marshall thanked the following 50Fest sponsors:

Bank of America	King County Journal
Bentall Capital	Kemper Development
Bellevue Art Museum	Overlake Hospital Medical Center
Bellevue Community College	Puget Sound Energy
The Boeing Company	Merrill Lynch
CH2M Hill	Pacific Northwest Bank
City of Bellevue	Quadrant Corporation
Cosmos Development	Rabanco
Crossroads Shopping Center	Safeco
Factoria Mall	The Seattle Times
First Mutual Bank	Sterling Realty Organization
GLY Construction	Sweeney Conrad
Ilium Associates	Paul and Henrietta Vander Hoek
INCA Engineers	Wallace Properties

3. Council Business [Regular Session Agenda Item 6]

Mr. Noble attended two meetings of the Eastside Transportation Partnership.

Dr. Davidson attended the Regional Water Quality Committee meeting.

Mr. Lee described the Small Business Administration at which Mayor Marshall was a speaker.

Mr. Mosher reported on the National League of Cities conference in Washington, D.C., where he represented both the City of Bellevue and the Association of Washington Cities.

Deputy Mayor Degginger attended meetings of the Bellevue 50Fest Committee, Cascade Water Alliance, and several neighborhood associations.

Mayor Marshall shared several letters including 50th birthday wishes from the City of Clyde Hill, a letter of congratulations from The National Arbor Day Foundation for being named a 2002 Tree City USA, and a letter from a recent juror praising Prosecutor Susan Irwin's and Police Officer Michael Chiu's professionalism in the courtroom.

At 8:00 p.m., Mayor Marshall announced recess to the Regular Session.

Myrna L. Basich
City Clerk

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